



**NYGREN CONSULTING**  
GOVERNANCE STRATEGY LEADERSHIP

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# **Governance Review Report**

University of Maryland Medical System



UNIVERSITY *of* MARYLAND  
MEDICAL SYSTEM

**Submitted on:** June 12, 2019

**Prepared for:** UMMS Board of Directors

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# Table of Contents

<b>INTRODUCTION.....</b>	<b>3</b>
<b>SUMMARY FINDINGS .....</b>	<b>3</b>
<b>FINANCIAL RELATIONSHIP POLICIES REVIEW.....</b>	<b>4</b>
The 2002 Board of Directors Resolution .....	4
The 2011 Board of Directors Policy (CC1104).....	5
The 2017 Corporate Compliance Policy (CC1208).....	6
<b>FINANCIAL RELATIONSHIPS REVIEW.....</b>	<b>7</b>
The “Healthy Holly” Book Arrangement .....	7
Mr. Robert Pevenstein .....	9
Mr. John Dillon.....	10
Dr. Scott Rifkin.....	11
Mr. Francis X. Kelly.....	12
Mr. Wayne Gardner .....	13
Mr. Walter Tilley .....	14
Mr. August Chiasera .....	15
Mr. James Soltesz .....	15
Familial Matters .....	16
<b>FINANCIAL RELATIONSHIPS CONCLUSION .....</b>	<b>16</b>
<b>NEW UMMS CONFLICTS OF INTEREST POLICY .....</b>	<b>18</b>
<b>BUILDING THE BOARD OF THE FUTURE .....</b>	<b>26</b>
Below the Surface: Director Attributes .....	27
Above the Surface: Board’s Collective Competencies.....	29
<b>BOARD BEST PRACTICE .....</b>	<b>32</b>
<b>APPENDIX A: DISCLOSURES OF FINANCIAL RELATIONSHIPS .....</b>	<b>35</b>
Table A1 – Summary of Declarations of Financial Relationships .....	35
Table A2 – Declaration of Financial Relationship Forms.....	36
Table A3 – Summary of Forms 990 Disclosures .....	37
<b>APPENDIX B: DECLARATIONS OF FINANCIAL RELATIONSHIPS SUMMARY.....</b>	<b>38</b>

## Introduction

Nygren Consulting, LLC, was engaged to conduct a review and provide recommendations on corporate governance issues for the University of Maryland Medical System Corporation (UMMS). This work was prompted by certain reports of potential conflicts of interest involving approximately nine (9) UMMS Board members. Specifically, our objectives were:

1. Review, exclusively from a governance perspective, the financial relationships involving UMMS and nine (9) members of its Board of Directors,
2. Identify the existing UMMS policies, processes, and procedures relating to Board conflicts of interest and assess their sufficiency,
3. Assess the extent to which the subject set of Director financial relationships comported with policies in place at the time relevant arrangements were made, and
4. Recommend modifications in line with industry best practices.

This document summarizes essential findings and is intended to serve as the basis for additional conversation. It is important to note at the outset that this review was not intended to be a forensic audit, nor take the place of the forensic and performance audits called for by recent legislation. The research, findings, and analysis summarized here were all in service of preparing recommendations for UMMS corporate governance improvements on a going forward basis. Our review of documents included many of the agreements relative to the subject financial relationships as well as disclosure statements and minutes of Board and committee meetings. We conducted interviews of approximately sixty (60) current and former Board members as well as executive and non-executive employees of UMMS.

Nygren Consulting, LLC provides advice to corporations in areas critical to board performance, including board composition, process, structure, strategic planning, committee effectiveness, and leadership. We work with companies to promote effective governance and board accountability. The firm's uniqueness originates in its principals, who are doctorly qualified social scientists.

## Summary Findings

As discussed in greater detail below, our review revealed multiple occasions where transactions involving UMMS Board members were not fully vetted by the Board of Directors before being executed by management. In some cases, these transactions did not appear to have been presented to the Board or an appropriate committee of the Board, despite requirements in existing UMMS policies. Based on our review of available documents and our interviews, we would recommend certain changes to the UMMS corporate governance practices as the organization contemplates its Board of the future. Our proposals are all in service of three duties that Board members are accountable to uphold:

- **The Duty of Care:** Exercise utmost care, diligence, and reason when making business decisions
- **The Duty of Loyalty:** Act in good faith and in the best interest of the organization, and avoid conflicts of interest
- **The Duty of Obedience:** Adhere to all applicable laws, regulations, bylaws, and Board policies, and ensure the mission is being followed

Management is responsible to provide the Board complete and transparently disclosed information on any matter that relates to the integrity, risks, financial performance, and quality outcomes of the institution. Our research determined that there were varying degrees of potential conflicts of interests presented by the relationships that we reviewed. We note, however, that a conflict of interest in a limited area of Board decision-making does not necessarily invalidate an individual as a valuable Board member.

## Financial Relationship Policies Review

Three policies dating back to 2002 were intended to provide guidelines in the case of a potential financial relationship between a Board member and UMMS. These are a 2002 resolution of the Board, a 2011 Board of Directors policy (CC1104), and a 2017 Corporate policy (CC1208).

Although the 2002 policy appears to have been updated in 2011 and 2017, it is not clear based upon the stamping of the updated policies if the revisions are intended to suppress the requirement to report to the Board when a Director stands to materially benefit from a transaction. The new UMMS Conflicts of Interest policy, approved on May 29, 2019 by members of the Special Committee on Governance as authorized by the full Board in its May 23, 2019 meeting, is included later in this report.

### The 2002 Board of Directors Resolution

#### Resolution of the Board of Directors of the University of Maryland Medical System Corporation Regarding Disclosure of Interest of Members of the Board of Directors

The 2002 Board resolution is dated 4/12/02. Item 11 is most applicable to the situation of the CEO entering into agreements with Board members. That item follows:

11. Management shall present to a meeting of the full Board for approval any proposed transaction in which management is aware that a Board member has a duality of interest or a potential conflict of interest, and provide a written summary of:
  - a. the process management followed in developing the transaction and the criteria used
  - b. how UMMS will benefit from the transaction, including a comparison of the proposed transaction with alternative transactions in which a Board member would not have an interest; and

- c. the value of the transaction to UMMS and, if known, to the Board member.

### **The 2011 Board of Directors Policy (CC1104)**

The relevant 2011 Policy is labeled as a Board of Directors Policy and is identified as Procedure No: CC1104. It has an effective date of 06/05/2011. The Audit and Compliance Committee motioned to approve this policy in its meeting on June 5, 2011. Minutes of the full Board meeting on June 8, 2011 indicate the new policy was reviewed, but there is no indication the policy was voted upon by the full Board. Its procedures include:

#### **Annually**

- A. Annually each Director shall complete a Disclosure of Financial Relationships Questionnaire.
- B. A Director who holds his or her position on the Board because of his or her position at the Medical System, at the University of Maryland, or in the General Assembly, is not required to disclose dualities of interest or potential conflicts of interest which are implicit in his or her position at the Medical System, at the University, or in the General Assembly.
- C. The Medical System's General Counsel shall summarize the relevant information and annually submit the summary to the Audit and Compliance Committee of the Board (Committee) for its review.
- D. The Committee shall review the information. The minutes of the meeting shall reflect the review and decision as to whether any significant financial relationship exists.
- E. The Committee will report any findings of significant financial relationships to the full Board. The Board shall vote on whether any relationship requires any further action on the part of the affected Director. The minutes of the meeting shall reflect the specific Board decision on each reported financial relationship.

#### **Board Member New Relationship**

- F. Upon appointment to the Board, new Directors shall complete a Disclosure of Financial Relationships Questionnaire.
- G. During the course of his or her service on the Board, a Director shall disclose any new Relationships that may arise between reporting requirements (e.g., initial appointment, annual disclosure). Such disclosure shall be made directly to the Medical System's General Counsel.

#### **Proposed Business Relationships with the Medical System**

- H. Management shall present to a meeting of the Audit and Compliance Committee of the Board for approval any proposed transaction in which management is aware that a Director or immediate family member has a Relationship, and provide a written summary of:

- a. the process management followed in developing the transaction and the criteria used to evaluate the transaction or vendors
  - b. how the Medical System will benefit from the transaction, including a comparison of the proposed transaction with alternative transactions in which a Director would not have a Relationship; and
  - c. the value of the transaction to the Medical System and, if known, to the Director or to his or her Immediate Family Member.
- I. Any Director having a Relationship on any matter before the Board shall not vote on the matter or use his/her personal influence on the matter.
- J. Unless his or her presence is necessary to create a quorum, any Director having a Relationship related to a matter before the Board, shall excuse himself or herself from the Board meeting during any vote on or any discussion of the matter.

### **The 2017 Corporate Compliance Policy (CC1208)**

The relevant 2017 Policy is labeled as a Corporate Compliance Policy and is identified as Policy/Procedure No: CC1208. It has an effective date of 06/10/13 and a Last Revision Date of 11/20/2017. This policy was approved by the full Board in its March 14, 2018 meeting. Its procedures include the following:

#### **2. Ascertaining Conflict of Interest.**

##### **A. Governing Board.**

**Board Determination.** After disclosing the financial interest and all material facts (which may include an interview with the interested person), the person disclosing the Financial Interest shall leave the governing Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide how to manage the conflict, however, at minimum, the member should not participate in further discussions or voting on conflicted matters. The Board, at its discretion, may make additional recommendations.

The Office of General Counsel is responsible for collecting and maintaining disclosures from all of the Governing Board(s) associated with The University of Maryland Medical System.

## Financial Relationships Review

The matter of financial relationships between some of its Board members and the University of Maryland Medical System came to public scrutiny in March 2019, with attention focused on nine (9) Board members who either personally or through other business relationships, had financial linkages to UMMS. Questions about a number of these relationships were raised internally by some Board members earlier in 2019, following a review of materials made available in connection with meetings of the full Board and the Board's Executive Committee. This resulted ultimately in the Board's decision to examine the financial relationships issue.

While serving on the Board of an organization such as UMMS and having a financial relationship with that organization are not necessarily proscribed by law or good governance practices, great care must be taken to ensure that affected Board members (those with potentially competing interests) do not participate in discussions or decision-making in any matter where such competing interests exist. Additionally, when a Board member, either directly or through an associated business relationship such as investment or employment, stands to benefit from a transaction, it is imperative that the Board be fully aware, and that it is documented that the product or service under consideration be actually needed by UMMS and acquired at fair market value as determined by, for example, a competitive selection process.

The financial relationships between nine (9) Board members and UMMS that have come under scrutiny are described below. Additionally, two (2) familial relationships of Board members that have been revealed on UMMS Disclosure of Financial Relationship forms are reviewed.

### The "Healthy Holly" Book Arrangement

Baltimore Mayor Catherine Pugh's arrangement to sell books to UMMS for distribution to Baltimore City Public Schools has been at the center of public scrutiny, and Ms. Pugh resigned from the UMMS Board on March 18, 2019. Between 2010 and 2018, UMMS agreed to pay a total of \$500,000 to Pugh for self-published children's books she authored, which were to be distributed to Baltimore City Public Schools. Subsequently, Pugh sent a check in the amount of \$100,000 to UMMS as a refund on the last set of books.

Our review has determined that management did not present the book purchases to the Board or any committee for prior approval, as required by then-in-effect Conflict of Interest policies, and the purchase was not subject to any competitive bidding process. In addition, our research uncovered no records specifying the terms of that financial relationship or justifying the need for UMMS to purchase the books. Ms. Pugh's initial arrangement with UMMS, which involved purchasing 20,000 copies of the first book in the Healthy Holly series, is not documented until the arrival of an invoice dated December 21, 2010 from Amina Communication & Technology, Inc. A member of management recalls that Mr. Chrencik approached him saying he (Mr. Chrencik) had agreed that UMMS would purchase Ms. Pugh's books for the schools. The management member believes that Ms. Pugh had approached Mr. Chrencik.



The \$50,000 invoice is for 10,000 copies of the Healthy Holly. Exercising is Fun book (item code BCPS-1). Associated with a January 14, 2011 check request to pay the invoice is a letter dated January 12, 2011 from Mr. Jerry Wollman to the Chief Academic Officer of the Baltimore City Public Schools asking for acceptance of the UMMS proposed donation. The letter is agreed to and accepted on behalf of the Chief Academic Officer. The same letter is used to support a second check request dated May 3, 2011. Each of the check requests are in the amount of \$50,000 with payee Amina Communications & Technology, Inc. The requestor in each case is the executive assistant to the President/CEO, and each request was approved by Mr. Wollman. The transactions totaling \$100,000 for the 20,000 books are not reflected in Form 990 Schedule L filings because only transactions in excess of \$100,000 are usually recorded there.

An August 3, 2012 document addressed to the Chief of Staff of Baltimore City Public Schools seeks acceptance of a UMMS donation of 20,000 copies of the book, Health Holly: A Healthy Start for Herbie! An invoice in the amount of \$100,000 to UMMS for these books is dated August 22, 2012 and lists Healthy Holly, LLC as the payee. The associated check request is dated September 28, 2012 and was requested and approved by the same persons as the first two invoices. The \$100,000 transaction is shown in the UMMS Form 990 Schedule L filings covering FY2013 (July 1, 2012 to June 30, 2013). This is the only entry for Ms. Pugh among UMMS Form 990 Schedule L filings.<sup>1</sup> It reads: "THE MEDICAL CENTER PURCHASED "HEALTHY HOLLY" BOOKS THROUGH A THIRD PARTY AND MRS. PUGH WAS THE RECIPIENT OF THE PROFIT ON THE SALE. BOOKS WERE PURCHASED AT OR BELOW FMV." Subsequent \$100,000 invoices from Healthy Holly, LLC are dated January 24, 2015, October 17, 2016 and September 12, 2018. Check requests completed by the same persons listed above were made to pay the invoices.

Though an entry in a March 2018 Board presentation document by the Chief Compliance Officer states "UMMS purchased 20,000 Healthy Holly Books," most Board members stated they had no awareness of the arrangement. The entry identifies Catherine Pugh as "Author and President C.E. Pugh & Company" and lists the financial value as ">= \$100k." Similar entries in presentations to the Audit and Compliance Committee for fiscal years 2015, 2013, and 2012 identify Ms. Pugh's book deal with UMMS and state: "Author of children's book which UMMS purchased 20,000 copies and donated to Baltimore City Schools."

#### Summary Consideration on Ms. Pugh

The CEO agreed to enter into an agreement with Ms. Pugh without consent of the Board. The Audit and Compliance Committee was apprised of the book arrangements long after the fact as line items in four separate presentations. According to minutes of the Committee's meetings, neither this nor other financial relationships of Board members was noted as significant. Minutes of various Committee meetings also show that the Committee decided to provide summaries of the disclosures reports to the full Board each year, but it is not clear that such disclosures were discussed in the Board meetings.

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<sup>1</sup> Because the transaction was equal to \$100,000 and not greater than \$100,000, it was not required to be included on the Form 990.



## Mr. Robert Pevenstein

Mr. Pevenstein resigned from the Board on March 19, 2019. Entries in a February 2019 Board Executive Committee presentation of FY2018 Disclosures of Financial Relationships convey that Mr. Pevenstein disclosed earnings of under \$100,000 each for Profit Recovery Partners and Optimé, and earnings of over \$100,000 to himself for supplying consulting services. Presentation documents to the Audit and Compliance Committee contain similar entries for Profit Recovery Partners going back to FY2011 and for Optimé to FY2014. Yet, most Board members stated they had little awareness of Mr. Pevenstein's multiple financial arrangements either directly with UMMS or with entities that did business with UMMS.

Mr. Chrencik entered into the consulting services agreement with Mr. Pevenstein via a letter dated January 15, 2018 that indicated services to be performed included working with Mr. Franey and Mr. Persinger on Performance Improvement initiatives, identifying external opportunities and resources to benefit the UMMS mission, and provide advice to maximize UMMS performance. The agreement paid Mr. Pevenstein a \$15,000 monthly retainer and was renewed for one year via a letter dated January 31, 2019. A recurring check request covering the months of January to December, 2019 was authorized by Mr. Jerry Wollman. The March 2019 payment was the last made in conjunction with this agreement.

Mr. Wollman knew contemporaneously of the agreement in January 2018 for Mr. Pevenstein to help with the \$500 million performance improvement goal. Mr. Chrencik and Mr. Hank Franey made the decision to enter into the contract with Mr. Pevenstein. Mr. Chrencik acknowledged the Board was not told about the contract beforehand, but that it did appear on a disclosure of financial relationship form. The contract did not go through Supply Chain and the full Board was not apprised.

Mr. Pevenstein introduced Profit Recovery Partners and Mr. Chrencik and Mr. Franey agreed to enter into an arrangement with this firm. In his FY2011 disclosure, Mr. Pevenstein stated he received \$25,000 plus 5% commission. After being hired, Profit Recovery Partners engaged with the Supply Chain team at UMMS to identify savings. The arrangement with Profit Recovery Partners does not appear to be mentioned in minutes of the Audit and Compliance Committee meetings or full Board meetings.

It was reported that Mr. Pevenstein and Mr. Persinger exerted pressure on various departments to implement software from Optimé, a firm with which Mr. Pevenstein had a financial relationship. Staff on whom the pressure was reportedly exerted felt they could not reject Mr. Pevenstein's and Mr. Persinger's insistence even though they questioned the appropriateness of the director's influence and the merits of the business transaction. The arrangement with Optimé does not appear to be mentioned in minutes of the Audit and Compliance Committee meetings. The Optimé software was implemented in an emergency department in June 2014 and subsequently in three (3) pediatric units as well as in the University of Maryland Rehabilitation & Orthopaedic Institute. Interviewees reported some difficulties with the implementations.

A final item on Mr. Pevenstein's Disclosure of Financial Relationship form pertains to his son and states, "Commissions paid related to UMMS employees that voluntarily enroll and pay for AFLAC supplemental benefit insurance programs." This financial relationship has been disclosed each year since 2011, the earliest year for which DOFR forms were provided. The commission paid was under \$100,000 for fiscal years 2011 to 2016 and over \$100,000 for fiscal years 2017 and 2018. No documentation has been provided as to how it was determined that AFLAC supplemental insurance would be available via the UMMS employee benefits portal. "AFLAC" does not appear in Audit and Compliance Committee or Board meeting minutes, although the relationship was disclosed in subsequent summaries prepared for the Committee.

#### Summary Consideration on Mr. Pevenstein

The agreement for Mr. Pevenstein to provide consulting services to UMMS was made by management (Mr. Chrencik and Mr. Franey) without apparent review by the Audit and Compliance Committee or by the Board. Similarly, the agreements for Profit Recovery Partners and for Optimé appear to have been made by management without *a priori* approval or awareness by the Audit and Compliance Committee or the full Board, although Mr. Pevenstein was the Chair of the Audit and Compliance Committee.

From a governance perspective, we have a general concern with an arrangement in which a Director is paid a commission for brokering an arrangement with the organization, particularly where there was an apparent inadequate disclosure to the Board. Good governance practices also proscribe Board members of nonprofit corporations being paid as consultants to the nonprofit. UMMS policies at the time required that a financial arrangement in which a Board member benefits must be disclosed to the full Board, which must give its approval before the agreement can be made.

#### **Mr. John Dillon**

Mr. Dillon resigned from the Board on March 19, 2019. Mr. Chrencik entered into an agreement with Mr. Dillon via a letter dated September 24, 2012 that indicated services to be performed included working to meet the goals of the Shore Health System capital campaign, assisting in strategic planning, and working with the UMMS President and CEO and staff on matters relating to hospital acquisitions and expansion of UMMS. The agreement paid Mr. Dillon a \$13,000 monthly retainer and had an initial term of September 15, 2012 to September 14, 2013. It was renewed each year at the same rate with the most recent renewal covering the period September 15, 2018 to September 14, 2019. The March 2019 payment was the last made in conjunction with this agreement.

Though entries in Disclosures of Financial Relationships materials provided after the fact to the Audit and Compliance Committee covering fiscal years 2013 to 2018 convey that Mr. Dillon disclosed earnings of over \$100,000 each year, most Board members stated they had no awareness of his personal consulting arrangement with UMMS. These entries also appeared in presentation materials developed for the full Board in March 2018 for FY2017 and for the Executive Committee in February 2019 for FY2018.

### Summary Consideration on Mr. Dillon

While many interviewees agreed that Mr. Dillon's fund-raising efforts on behalf of Shore Health System were valuable, they also noted that being paid while serving as a Board member was inappropriate. Fund raising is an expectation of all volunteer, non-profit directors. Mr. Dillon generally was paid for his effort which, according to Mr. Chrencik, was intensified at his (Mr. Chrencik's) request. In addition, the CEO signed the agreement without consent of either the Board or the Audit and Compliance Committee.

### **Dr. Scott Rifkin**

Dr. Rifkin resigned from the Board on May 7, 2019. Though entries in Disclosures of Financial Relationships presentation materials developed for the Audit and Compliance Committee in October 2018 and for the Executive Committee in February 2019 covering FY2018 convey that Dr. Rifkin disclosed earnings of under \$100,000 for Real Time Medical Solutions and for Fundamental, Inc., most Board members stated they had no awareness of Dr. Rifkin's financial relationships with UMMS.

Dr. Rifkin is the founder and chairman of Real Time Medical Solutions. The Master Subscription Agreement to license the use of Real Time software was signed by Mr. Persinger in his role as Chief Performance Improvement Officer on June 26, 2018. It has associated fees of \$0 in the first year and \$10,000 for years 2 and 3 for each of two hospitals, the University of Maryland Medical Center and University of Maryland Midtown.

An amendment to the Real Time Medical Solutions Master Subscription Agreement dated April 3, 2019 and signed by Mr. Persinger states that UMMS has no obligation to pay Real Time any fees specified in the Agreement or in any pricing quote sheet. It also states that "...any future agreements or contracts shall be negotiated pursuant to an arms-length transaction, subject to review and approval by each Parties' (sic) executive leadership."

Some persons interviewed for this review expressed a concern that Dr. Rifkin used the agreement with UMMS as an endorsement to advertise Real Time Medical Solutions products to third party health care providers. Additionally, UMMC staff members have reported feeling pressured by Dr. Rifkin and by Mr. Persinger to encourage skilled nursing facilities to license the Real Time software in order to participate fully in the UMMC network for post-acute care.<sup>2</sup> A letter from UMMS encouraging operators of skilled nursing facilities to subscribe to the Real Time software was sent in June 2018.

Dr. Rifkin is a paid consultant to Fundamental, Inc., an operator of skilled nursing facilities to which Dr. Rifkin sold his own skilled nursing facilities. Dr. Rifkin disclosed on his FY2018 Disclosures of Financial Relationship form that the business relationship between UMMS and Real Time Medical could affect referrals to Fundamental's skilled nursing facilities.

Additionally, Dr. Rifkin, as manager of Mid-Atlantic Healthcare Acquisitions, LLC, entered into a Ground Lease Option Agreement with the UMMC Midtown Campus on February 14, 2019 with the intent to demolish current improvements located at 300 Armory Place,

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<sup>2</sup> Evaluation of whether or not these concerns were justified was outside the scope of this report.

Baltimore, Maryland and construct a new building to house a skilled nursing facility and rentable space. The agreement gave Mid-Atlantic, in exchange for a payment of \$1,000 to UMMC Midtown Campus, the exclusive right and option to ground lease the property. This agreement was terminated via a letter dated April 4, 2019 signed by Megan Arthur, SVP and General Counsel of UMMS, and Dr. Rifkin.

The arrangements Dr. Rifkin had with UMMS or its entities did not go through Supply Chain, and it does not appear that a defined process was used to document that UMMS obtained a fair market value.

### Summary Consideration on Dr. Rifkin

The agreement with Dr. Rifkin concerning Real Time Medical Solutions signed by Mr. Persinger was not vetted by the Audit and Compliance Committee nor the full Board. This is an example of management entering into agreements with Board members without complete transparency to the Board and without advance Board approval. This does not align with best governance practices. It is noteworthy that the amendment to the Real Time Master Subscription Agreement placed authority to negotiate and approve future contracts with executive leadership and not the UMMS Board or a Board committee. Perhaps an even deeper problem is that certain members of the staff reported that they felt compelled to implement the Real Time software and to engage in promoting it to skilled nursing facilities. That said, several people we interviewed strongly believe that the software does have the positive effect of reducing re-admissions to UMMS.

The other two financial relationships between Dr. Rifkin and UMMS have either been terminated or, according to his disclosure statement, will soon expire. Nonetheless, such arrangements involving a Board member should have been vetted by a Board committee and the full Board in order to comply with UMMS policy as well as governance best practices.

### **Mr. Francis X. Kelly**

Mr. Kelly took a leave of absence from the Board on March 19, 2019. Many Board members stated they were aware that Kelly and Associates Insurance Group, Inc., founded by Mr. Kelly, provided services to UMMS and affiliated entities. Entries in Disclosures of Financial Relationships presentation materials developed for the Audit and Compliance Committee covering fiscal years 2011 to 2018 convey that Mr. Kelly disclosed earnings of over \$100,000 each year to the organization. These entries also appeared in presentation materials developed for the full Board in March 2018 for FY2017 and for the Executive Committee in February 2019 for FY2018.

In 2012, UMMS and several of its affiliated hospitals, which had established and sponsored employee benefit plans at four entities to provide a means for employees and their beneficiaries to acquire health care and other employee benefits, entered into a Plan Services Agreement with Kelly and Associates Insurance Group, Inc. with an effective date of April 1, 2012 and initial term of January 1, 2012 until June 30, 2013.

A presentation by Mr. Chrencik and Mr. Wollman to the UMMS Audit and Compliance Committee on January 26, 2012 indicated that Kelly Benefit Strategies was already in place

at Maryland General, Baltimore Washington Medical Center, and Mt. Washington Pediatric Hospital and asserted, "There is a higher level of management and beneficiary satisfaction with benefits administration at UMMS hospitals who use Kelly." The presentation further stated that Mr. Kelly is an owner and principal of Kelly Benefit Strategies and that UMMS management recommended expanding Kelly Benefit Strategies to include UMMC, Kernan, and USH. Lower per-employee-per-month (PEPM) administrative fees and elimination of benefits administration support fees were projected to produce estimated annual savings of \$170,000.

The 2012 presentation also includes information about the 2008 Maryland General Hospital RFP process which included solicitations to seven (7) vendors. According to the presentation, Kelly was the most price competitive (\$8.00 PEPM) and "offered the most comprehensive level of services." Finally, the 2012 presentation discusses UMMS engagement of Aon Consulting in 2009 to evaluate cost savings opportunities in benefits administration at UMMC. It states that Aon found that outsourcing benefits administration to Kelly would produce cost savings opportunities.

The minutes of the January 26, 2012 meeting of the Audit and Compliance Committee indicate Kelly's role as an owner and principal of Kelly Benefit Strategies as well as a member of the UMMS Board was stated. The minutes also state:

The Committee vetted concerns re: management's decision not to competitively bid the services. After much discussion, the Committee concluded that sufficient work was done by management to support their decision. Mr. Pevenstein motioned for approval to refrain from escalation to the UMMS Board. The motion was approved.

It does not appear that the services provided by Kelly Benefit Strategies have been rebid or marked to market since 2012. The original and subsequent contracting have not gone through Supply Chain. The current contract with Kelly Benefit Strategies expires June 30, 2019. UMMS plans to extend the contract by one year while an RFP process is conducted.

#### Summary Consideration on Mr. Kelly

While more could have been done to ensure UMMS received initially in 2012, and has continued to receive in subsequent years, a fair market value for the services provided by Kelly Benefit Strategies, effort was made to ensure the price paid was fair in 2012. The review and discussion by the Audit and Compliance Committee in 2012 comports with good governance practices, though a better outcome would have been a decision to make a recommendation to the full Board (rather than deciding in place of the full Board) since the matter involved a contract with a Board member. The current effort underway to conduct an RFP process for benefits administration and benefits brokerage/consultation services reflects good governance and procurement practices.

#### **Mr. Wayne Gardner**

Many Board members stated they were aware that Mr. Gardner's former company, Best Care Ambulance, provided ambulance services to one or more UMMS affiliates. Entries in Disclosures of Financial Relationships presentation materials to the Audit and Compliance



Committee covering fiscal years 2011 to 2018 convey that Mr. Gardner disclosed earnings of over \$100,000 each year to Best Care Ambulance. These entries also appeared in presentation materials developed for the full Board in March 2018 for FY2017 and for the Executive Committee in February 2019 for FY2018.

Mr. Gardner owned Best Care Ambulance until selling the company recently. Best Care Ambulance provided transportation services to hospitals on the Eastern Shore before they became affiliates of UMMS.

#### Summary Consideration on Mr. Gardner

While the fact of a sole source arrangement with Mr. Gardner appears initially troubling, it is our understanding that fees paid for Best Care Ambulance services are regulated by the Center for Medicare and Medicaid Services (CMS) and thus the opportunity for fees to be excessive is minimal. Additionally, it was reported that no alternative services were available for the areas covered by Best Care Ambulance.

### **Mr. Walter Tilley**

Mr. Tilley took a leave of absence from the Board on March 19, 2019. Many Board members stated they were aware that Mr. Tilley's company, Home Paramount Pest Control, provided pest control services to UMMS or affiliate locations. Entries in Disclosures of Financial Relationships presentation materials to the Audit and Compliance Committee covering fiscal years 2011 to 2014 and 2018 (Mr. Tilley spent time off the Board in fiscal years 2015 to 2017) convey that Mr. Tilley disclosed revenue of over \$100,000 each year except 2011 when revenue was under \$100,000 to Home Paramount Pest Control. The 2018 entry also appeared in presentation materials to the Executive Committee in February 2019.

The agreement to use Home Paramount Pest Control went through regular Supply Chain procurement processes including competitive bidding in 2011. Additionally, the minutes of the June 7, 2011 Audit and Compliance Committee meeting state that Mr. Tilley was excused from the room so the remaining committee members could discuss the matter freely. Mr. Gary Kane, of Supply Chain, presented the case for consolidating extermination services and to use Home Paramount Pest Control. The minutes state: "The Audit and Compliance Committee motioned to approve the new relationship. Mr. Tilley abstained from voting on the matter." UMMS and its affiliates report satisfaction with the pest control services provided by Home Paramount Pest Control.

#### Summary Consideration on Mr. Tilley

The initial decision to use Home Paramount Pest Control appears to have been well-vetted, though best governance practice would require that a decision to enter into a contract with a Board member or Board member's associated entity should be referred to the full Board. It does not appear that subsequent extensions and expansions were competitively bid and do not appear to have been referred to the Audit and Compliance Committee or the full Board.

## Mr. August Chiasera

Mr. Chiasera took a leave of absence from the Board on March 19, 2019. Many Board members stated they were not surprised that M&T Bank, where Mr. Chiasera is the regional president, does business with UMMS. Entries in Disclosures of Financial Relationships presentations to the Audit and Compliance Committee for fiscal years 2016 to 2018 convey that Mr. Chiasera disclosed revenue of over \$100,000 each year to M&T Bank. The FY2017 and FY2018 entries also appeared respectively in presentation materials to the full Board in March 2018 and the Executive Committee in February 2019.

Along with numerous other banks, M&T Bank provides various banking services to UMMS. As an example, UMMS recently created a syndication over a revolving line of credit. There were eight (8) competitors who proposed on the revolver. UMMS engaged a third-party consultant to vet each competitor before selecting a lead bank who then created the syndication. Prior to approval of the lead bank, the matter went to the Finance Committee where there was a presentation showing how all the competitors stacked up and the rationale to use M&T Bank to lead the syndication based on pricing and level of service. Mr. Chiasera recused himself and was not present for the presentation. He did not participate other than early in the process to say that the concept of syndication made sense to help UMMS manage costs. The approval of the syndication was given by the Finance Committee.

### Summary Consideration on Mr. Chiasera

Multiple interviewees and Finance Committee minutes indicate that governance practices relevant to the financial relationship between Mr. Chiasera and UMMS appear to have worked as intended.<sup>3</sup> In the example provided, there was vetting and a competitive selection process. Mr. Chiasera recused himself from the decision-making and exited the room during discussion.

## Mr. James Soltesz

Mr. Soltesz took a leave of absence from the Board on March 19, 2019. Mr. Soltesz joined the Board less than a year ago; thus, many Board members stated they were not familiar with his company's financial relationship to UMMS. Also due to his newness to the UMMS Board, Disclosures of Financial Relationships presentation materials do not include disclosures for Mr. Soltesz. However, he did complete a disclosure in August 2018 that included the financial relationship.

Mr. Soltesz is the founder of Soltesz, Inc. Following an RFP process, UMMS engaged Soltesz, Inc. in a Design Services Agreement dated June 24, 2013 for Civil Engineering Services for Prince George's County Regional Medical Center. A second Design Services Agreement dated May 15, 2014 engaged Soltesz, Inc. for design professional services on the New Regional Medical Center Project at Boulevard at the Capital Center in Largo, Maryland. Both agreements were executed prior to Mr. Soltesz joining the UMMS Board.

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<sup>3</sup> The scope of this review did not include a detailed investigation into each of the multiple contracts between M&T Bank and UMMS.



### Summary Consideration on Mr. Soltesz

The contracts with Soltesz, Inc. were awarded through a competitive bid process before Mr. Soltesz joined the Board, and he disclosed the financial relationship upon joining the Board. Therefore, the concerns of Board member conflict of interest do not apply. Of course, any future contracts awarded to Soltesz, Inc. should be made known to the full Board before they are approved.

### **Familial Matters**

There are two other disclosable circumstances that were reported respectively by the Board members affected. These Board members are not among the nine (9) for whom financial relationships were reviewed above. These involved children of Board members who are either in residency as a physician at UMMC or employed by a UMMS subsidiary. Neither Board members nor managers we interviewed had any concerns that these ties might adversely affect the judgment of involved Board members.

### **Financial Relationships Conclusion**

With the exception of Mr. Soltesz, who was not a Board member at the time contracts were awarded to his company, all Board member financial relationships reviewed appear to have not received the Board level attention that transactions potentially benefitting Board members should receive. Most violated the 2002 Board resolution as well as the 2011 and 2017 policies. Many of these contracts were not competitively bid, were not declared to be necessary by the Board or senior leaders, and, if vetted, were without full transparency to the entire Board.

These arrangements reflect a pattern by management of making decisions without full Board approval. The Board was insufficiently informed and, for the most part, had no specific advance knowledge that would have caused the Board to consider alternatives that would have forestalled or eliminated perceived and real self-dealing. Members of management appear to have taken upon their own authority the right to enter into contracts with Board members that resulted in personal gain to the Director, interacting with Board members in ways that overstep the standard understanding of the role and authority of the Board.

The matters are further complicated by the Board structure itself. Good governance practice would ordinarily preclude the same individual from chairing the Finance Committee and the Audit and Compliance Committee. More importantly, the Chairman of the Audit and Compliance Committee should be independent; i.e., receiving no financial benefits from UMMS.


In addition, it is the duty of the General Counsel and the Compliance Officers to raise concerns that might appear to compromise the integrity of the governing process. These are the officers who advise the Board freely even when the board may not be aware or observing these possible conflicts. They have the duty to speak to the board and to elevate conflicts about which they have concern. Appendices A and B summarize disclosures. Board members whose conflicts were vetted and disclosed feel unfairly judged when

grouped together with those whose arrangements were troubling. For their part, board members who may benefit from a financial contract with UMMS may consider serving as a vendor and resign their service as a board member. This allows both UMMS and vendors to follow appropriate competitive protocols to achieve the best interests of all with fairness and full transparency.

## **New UMMS Conflicts of Interest Policy**

Based upon our extensive work with health care systems and nonprofit enterprises, Nygren Consulting, LLC developed a draft Conflicts of Interest Policy for UMMS that also incorporated the recently developed and approved Conflicts of Interest Policy for the University of Maryland Medical Center (UMMC). This new policy was further shaped by the Chief Compliance Officer, members of the Special Committee on Governance, the UMMS General Counsel, and members of UMMS senior leadership.

The new Conflicts of Interest policy was reviewed by the full UMMS Board in its May 23, 2019 meeting and provisionally approved pending certain amendments requested by Board members in that meeting. Those amendments were subsequently made, and the policy was approved by the Special Committee on Governance on May 29, 2019 as authorized by the UMMS Board of Directors. That approved UMMS Conflicts of Interest Policy is presented on the following pages.

 <b>UNIVERSITY of MARYLAND MEDICAL SYSTEM</b>  <b>BOARD POLICY</b>	<b>PAGE:</b> <b>1 OF 7</b>	<b>POLICY NO:</b> <b>BOARD-01</b>
	<b>EFFECTIVE DATE:</b> <b>7/1/2019</b>	<b>REVISION DATE(S):</b>
<b>SUBJECT: University of Maryland Medical System Corporation Conflicts of Interest</b>		

**ARTICLE I: PREAMBLE:**

The University of Maryland Medical System Corporation (UMMS) is organized for health care, charitable, scientific, and education purposes and attains and maintains exemption from federal income taxation but is not a State agency, political subdivision, public body, public corporation, or municipal corporation. The governance of UMMS is vested in its Board of Directors (Board). The purpose of this Conflict of Interest Policy is to ensure all activities of UMMS are consistent with its mission and applicable Federal and Maryland laws. In furtherance of this Policy, UMMS will maintain effective complementary policies and procedures to comply with federal tax exemption guidelines and good governance practices.


Initial adoption and changes to this Policy, after approval by the Board of Directors, will be sent to the Governor, the President of the Senate, and the Speaker of the House of Delegates (2019, Md. Laws, Ch. 19).

**ARTICLE II: PRINCIPLES:**

1. The purposes of this Conflict of Interest Policy are to promote transparency, protect the interests of UMMS, avoid any Excess Benefit (as defined by the IRS) accruing to a Covered Person, and advance a reputation of highest integrity. **A Conflict of Interest is defined as an interest that may affect, or may reasonably appear to affect, the judgement or conduct of any Covered Person in a manner that is adverse to the interests of UMMS.**
2. Covered Persons may not use their positions to accrue Excess Benefits or to knowingly assist others in accruing Excess Benefits in any way at the expense of UMMS. Covered Persons shall conduct their activities to appropriately manage any potential conflicts of interest or dualities of interest and shall disclose any activities that could result in a possible conflict of interest.
3. The primary benefit of the policy is that the Board, Board committees, officers, and management can make decisions in an objective manner without undue influence by Covered Persons when Business Transactions are considered.

**ARTICLE III: DEFINITIONS:**

Business Transactions	<p>“Business Transactions” include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Contracts of sale, lease, license and performance of services, whether initiated during the UMMS tax year or ongoing from a prior year,</li> <li>• Loans, including salary advances, payments made under split-dollar insurance arrangements, and other advances,</li> <li>• Joint ventures in which either the profits or capital interest of UMMS and of the Covered Person exceeds 10%,</li> <li>• Employment relationships,</li> </ul>
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 <b>UNIVERSITY of MARYLAND MEDICAL SYSTEM</b>  <b>BOARD POLICY</b>	<b>PAGE:</b> <b>2 OF 7</b>	<b>POLICY NO:</b> <b>BOARD-01</b>
	<b>EFFECTIVE DATE:</b> <b>7/1/2019</b>	<b>REVISION DATE(S):</b>
<b>SUBJECT: University of Maryland Medical System Corporation Conflicts of Interest</b>		

	<ul style="list-style-type: none"> <li>• Broker or agent of any corporation seeking to do business with UMMS.</li> </ul>
Covered Person	“Covered Person” means any member of the UMMS Board of Directors, a member of a committee of the Board, a UMMS officer, or an employee of the UMMS corporation (including subsidiaries) at the VP level or above.
Disinterested Member	<p>“Disinterested Member” means any Board member who does not have either</p> <ul style="list-style-type: none"> <li>(i) a conflict of interest in a respective Business Transaction; or</li> <li>(ii) a financial, professional, employment, or Family Member relationship with a Covered Person who does have a Conflict of Interest with respect to the Business Transaction, which relationship would, under the circumstances, reasonably be expected to exert an undue influence on the member’s judgement when voting on the Business Transaction.</li> </ul>
Excess Benefit Transactions	“Excess Benefit Transactions” are ones in which UMMS directly or indirectly provides an economic benefit in excess of the value of the consideration received by UMMS.
Family Member	“Family Member” means an individual’s spouse, parents, children and siblings, whether by blood, marriage (e.g., in-laws or step family) or adoption, and any other person residing in the individual’s home.
UMMS Affiliate	“UMMS Affiliate” means any of the UMMS legal entities under the parent University of Maryland Medical System Corporation or any joint venture in which UMMS has a controlling interest. If questions arise, please contact the UMMS Chief Compliance Officer at <a href="mailto:COI@umm.edu">COI@umm.edu</a> for a list of the current entities.
Vendors or Partners	“Vendors or Partners” include any for-profit or not-for-profit business or organization including any subsidiary and/or affiliated entity that has or is anticipated to have a business relationship to UMMS or any UMMS Affiliate.

#### ARTICLE IV: ADMINISTRATION AND ENFORCEMENT

The UMMS Governance Committee of the Board shall be responsible for administering and enforcing this Policy. The Chair of the Governance Committee, having reviewed any and all conflicts with the Committee, shall report annually to the full Board on the administration, infractions, and enforcement of this Policy and shall report at the earliest opportunity all matters of concern to the full Board in executive session while interested parties are recused.

The UMMS Chief Compliance Officer is the responsible administrative authority to assist the Board in administering and enforcing this Policy and bringing concerns to the Governance Committee. The UMMS Chief Compliance Officer shall be responsible for:


 <b>UNIVERSITY of MARYLAND MEDICAL SYSTEM</b>  <b>BOARD POLICY</b>	<b>PAGE:</b> <b>3 OF 7</b>	<b>POLICY NO:</b> <b>BOARD-01</b>
	<b>EFFECTIVE DATE:</b> <b>7/1/2019</b>	<b>REVISION DATE(S):</b>
<b>SUBJECT: University of Maryland Medical System Corporation Conflicts of Interest</b>		

1. Annually distributing disclosure statement forms to and collecting completed disclosure statements from all Covered Persons;
2. Reviewing all disclosure statements for compliance with this and all related UMMS policies and to identify all actual or potential conflicts of interest;
3. Preparing and submitting to the Governance Committee annual and updated (where applicable) reports summarizing all relevant information contained in the disclosure statements;
4. Receiving all disclosures of actual, potential, or perceived conflicts of interest as they arise and notifying the Chair of the Board, the Chair of the Governance Committee, and the CEO of such concerns;
5. Gathering all relevant information pertaining to an actual or perceived conflict, investigating if necessary, and reporting routinely to the Chair of the Governance Committee;
6. Educating the board on changes to applicable laws, regulations, statutes, or interpretations that may pertain to conflicts of interest;
7. Ensuring all Governance Committee actions and concerns related to this Policy are documented and retained, and periodic reviews conducted; and
8. Keeping confidential all Disclosure Statements and related documentation by limiting access to persons who have a reasonable need to know for purposes of administering and enforcing this Policy.

#### ARTICLE V: REQUIRED DISCLOSURE

Covered Persons are required to disclose and attest to the disclosure of all conflicts of interest and potential conflicts of interest on their Disclosure Statement.

1. Content of Disclosure Statement. The Covered Person shall provide the name and address of the main place of business of each entity listed. To address dualities of interest, entities listed should include any UMMS subsidiary or affiliate where the individual is also a Covered Person. Each Covered Person's Disclosure Statement shall include the following:
  - a. Policy Attestation. An attestation that the Covered Person has received and reviewed this Conflict of Interest Policy.
  - b. Employee, Officer, or Director. Any for-profit or non-profit entity or business in which the Covered Person is an employee, officer, or director, or in which a Family Member is an employee, officer, or director if that entity or business is an UMMS Affiliate, Vendor or Partner.
  - c. Business Transactions that the Covered Person or the Covered Person's Family Member has with a Vendor or Partner, including: any compensation, remuneration, or reimbursement arrangement; any stock or other ownership interest in a Vendor or Partner (at least 3% ownership interest with respect to a publicly-traded company); any stock-options issued to the Covered Person or his/her Family Members by a Vendor or Partner (collectively "Financial Relationship").
2. Initial Disclosure. Each Covered Person shall submit an initial Disclosure as follows:


 <b>UNIVERSITY of MARYLAND MEDICAL SYSTEM</b>  <b>BOARD POLICY</b>	<b>PAGE:</b> <b>4 OF 7</b>	<b>POLICY NO:</b> <b>BOARD-01</b>
	<b>EFFECTIVE DATE:</b> <b>7/1/2019</b>	<b>REVISION DATE(S):</b>
<b>SUBJECT: University of Maryland Medical System Corporation Conflicts of Interest</b>		

- a. Candidates for Membership on the Board. Prior to the nomination by the Governance Committee of any person for membership on the Board, the candidate shall submit a completed Disclosure Statement.
- b. Newly Appointed Ex Officio Board Members. A newly appointed Ex Officio Board member shall submit a completed Disclosure Statement within sixty (60) days after assuming the position for which ex officio membership is conferred.
- c. Other Newly Appointed Covered Persons. A newly appointed Covered Person shall submit a completed Disclosure Statement within thirty (30) days after the person's appointment to the position.
3. Annual Disclosures. Each Covered Person shall submit annually a Disclosure Statement.
  - a. The annual disclosure statement shall be submitted by August 15<sup>th</sup> each year for the previous fiscal year (July – June).
  - b. Each Covered Person shall continue to file an annual Disclosure Statement for one (1) year after the conclusion of his or her service as a Covered Person.
4. Ongoing Disclosure. Each Covered Person shall have an ongoing obligation to disclose within ten (10) business days of learning of an actual or potential Conflict of Interest, or any new information that would be required by the Annual Disclosure but that arises during the course of the year.
5. Annual Summary of Disclosure Statements. The UMMS Chief Compliance Officer shall annually provide to the Governance Committee a report summarizing all relevant information contained in the annual disclosure statements. This summary will further be presented to the full Board annually, and the complete Disclosure Statements for each Board member will be made available to Board members upon request. The UMMS Chief Compliance Officer shall periodically update the report to the Governance Committee whenever relevant information is disclosed through ongoing disclosures or as otherwise becomes known.


#### ARTICLE VI: PROCEDURE FOR IDENTIFYING AND ADDRESSING CONFLICTS OF INTEREST

1. Determining Whether a Conflict of Interest Exists.
  - a. Upon learning that an actual, potential or perceived Conflict of Interest of a Covered Person may exist, the Governance Committee shall convene to consider the matter.
  - b. The Covered Person may make a presentation to the Governance Committee, but after the presentation and questioning by the Committee, he/she shall leave the meeting while the determination of a Conflict of Interest is discussed and voted upon. The Committee's Disinterested Members shall decide if a Conflict of Interest exists.
  - c. If the Governance Committee determines that additional information is needed to determine whether a Conflict of Interest exists, the UMMS Chief Compliance Officer or other designee appointed by the Governance Committee Chair shall investigate and gather the additional information for the Governance Committee to make a determination.



 <b>UNIVERSITY of MARYLAND MEDICAL SYSTEM</b>  <b>BOARD POLICY</b>	<b>PAGE:</b> <b>5 OF 7</b>	<b>POLICY NO:</b> <b>BOARD-01</b>
	<b>EFFECTIVE DATE:</b> <b>7/1/2019</b>	<b>REVISION DATE(S):</b>
<b>SUBJECT: University of Maryland Medical System Corporation Conflicts of Interest</b>		

- d. If the Governance Committee determines that a Conflict of Interest exists, the Governance Committee shall notify the Covered Person, the UMMS Chief Executive Officer, and the UMMS Board Chair and further will notify the full Board at its next meeting.
2. Procedure for Addressing a Conflict of Interest with UMMS.
  - a. In the event the Governance Committee determines that an actual or perceived Conflict of Interest exists, the Committee shall decide how to address the Conflict of Interest.
  - b. The Covered Person may make a presentation to the Governance Committee, but after the presentation and questioning by the Committee, the person shall leave the meeting during the discussion of and vote on the transaction or arrangement involving the Conflict of Interest.
  - c. The Governance Committee Chair shall, if appropriate, appoint the Compliance Officer or other disinterested person or committee to investigate the process that was followed with respect to the establishment of the proposed price and terms of the proposed transaction or arrangement and alternatives to the proposed transaction or arrangement.
  - d. After exercising due diligence, the Governance Committee's Disinterested Members shall determine whether UMMS can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a Conflict of Interest. If the Committee determines that a more advantageous transaction or arrangement can be obtained without producing a Conflict of Interest, UMMS shall not enter into the subject transaction or arrangement.
  - e. If a more advantageous transaction or arrangement cannot be obtained with reasonable efforts under circumstances not producing a Conflict of Interest, the Governance Committee shall determine by a majority vote of Disinterested Members whether the transaction or arrangement is (i) in UMMS's best interest, (ii) for its own benefit, and (iii) is fair and reasonable. In conformity with that determination, the Committee shall make its decision as to whether UMMS may enter into the transaction or arrangement and report its decision to the Board.
  - f. If the Governance Committee determines that a Conflict of Interest exists but that UMMS may enter into the subject transaction or arrangement, the interested Covered Person shall be recused from all deliberations and decisions concerning said transaction or arrangement, any arrangements with that entity, and compensation or benefits for officers, directors, and trustees.
3. Violations of Conflict of Interest Policy.
  - a. If the Governance Committee determines that a Covered Person has used their position to accrue Excess Benefits or to knowingly assist others in accruing Excess Benefits in any way at the expense of UMMS, the Governance Committee shall recommend to the Executive Committee appropriate corrective action to be taken.
  - b. If the Governance Committee has reasonable cause to believe that a Covered Person has failed to disclose actual or possible conflicts of interest, it shall inform the Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose.

 <b>UNIVERSITY of MARYLAND MEDICAL SYSTEM</b>  <b>BOARD POLICY</b>	<b>PAGE:</b> <b>6 OF 7</b>	<b>POLICY NO:</b> <b>BOARD-01</b>
	<b>EFFECTIVE DATE:</b> <b>7/1/2019</b>	<b>REVISION DATE(S):</b>
<b>SUBJECT: University of Maryland Medical System Corporation Conflicts of Interest</b>		

- c. If, after hearing the Covered Person's response and after making further investigation as warranted by the circumstances, the Governance Committee determines that the Covered Person has failed to disclose an actual or possible Conflict of Interest, it shall recommend to the Executive Committee appropriate corrective action. The Governance Committee Chair shall also report the undisclosed conflict to the Governor, in order to allow the Governor to determine if the Covered Person willfully filed a false statement and requires removal from the Board.
- d. The Executive Committee shall determine the corrective action to be taken, if the Governor does not remove the Board member.
- e. Subject to applicable law, the Board may remove a Board member or place a Board member on a leave of absence by a vote of not less than two-thirds (2/3) of the voting Directors present at any properly convened meeting of the full Board at which a quorum is present.
4. **Report of Conflict of Interest Determinations to the Board.** The Chair of the Governance Committee shall report all Conflict of Interest determinations under this Policy to the full Board sitting in Executive Session.

#### ARTICLE VII: RECORDS OF PROCEEDINGS


In meeting and taking action pursuant to this Policy,

1. The minutes of the Governance Committee shall contain:
  - a. The names of the Covered Person(s) who disclosed or otherwise may have an actual or possible Conflict of Interest, the nature of the interest, any action taken to determine whether a Conflict of Interest existed, and the Committee's decision as to whether a Conflict of Interest in fact existed.
  - b. The names of the person(s) who were present for discussions and votes relating to the transaction or arrangement, and a record of any votes taken in connection with the proceedings.
2. The minutes of the full Board shall contain:
  - a. The information that the Governance Committee Chair reported all Conflict of Interest determinations in Executive Session.
3. The UMMS Chief Compliance Officer shall submit the required information to the State Health Services Cost Review Commission. Maryland law requires the State Health Services Cost Review Commission to send a summary, excluding home addresses, of all disclosure statements submitted to the Governor, President of the Senate, and the Speaker of the House.

#### ARTICLE VIII: DISINTERESTED PERSONS FOR KEY BOARD POSITIONS

In order to maintain good governance practices, the Chair of the Board and the Chairs of the Governance Committee and the Audit and Compliance Committee shall not have any Business Transactions with UMMS, nor shall their Family Members.

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 <b>UNIVERSITY of MARYLAND MEDICAL SYSTEM</b>  <b>BOARD POLICY</b>	<b>PAGE:</b> 7 OF 7	<b>POLICY NO:</b> BOARD-01
	<b>EFFECTIVE DATE:</b> 7/1/2019	<b>REVISION DATE(S):</b>
<b>SUBJECT: University of Maryland Medical System Corporation Conflicts of Interest</b>		

#### ARTICLE IX: PERIODIC REVIEWS

To ensure UMMS operates in a manner consistent with its mission and charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects;

1. Whether compensation arrangements and benefits are reasonable and the result of arm's length competitive bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to UMMS's written policies, are properly recorded, reflect reasonable investment or payment for goods and services, further UMMS's mission, and do not result in inurement, impermissible private benefit, or in an Excess Benefit Transaction.

#### ARTICLE X: SOURCING AND AWARDING CONTRACTS

1. UMMS may not use sole source procurement to award a contract to a Board member or her/his Family Member or a business entity that employs or has an affiliation with a member or her/his Family Member.
2. UMMS may not provide a preference for the award of a contract to a Board member or her/his Family Member or a business entity that employs or has an affiliation with a member or her/his Family Member.
3. The award of a contract or the making of a payment not subject to a contract to a Board member or her/his Family Member or a business associated with a member or her/his Family Member shall be subject to the approval by the full Board of Directors.
4. The UMMS Chief Compliance Officer, after notification to the Governance Committee Chair, the Board Chair, and the CEO, shall report any sole source contract to the Governor, in order to allow the governor to determine if the Director requires removal from the Board of Directors.

#### ARTICLE XI: USE OF OUTSIDE EXPERTS

When conducting periodic reviews as identified in this Policy, the Board may, but need not, use outside experts. If outside experts are used, their use shall not relieve the Board of its responsibility to ensure periodic reviews are conducted.

#### ARTICLE XII: APPROVED:

This policy supersedes any and all prior Conflict of Interest policies.

Approved by the University of Maryland Medical System Corporation Board of Directors: May 23, 2019

## Building the Board of the Future

The first and most important step to rebuild and strengthen the UMMS Board is to select Board members who each individually possess the character traits associated with effective and highly-contributing Board membership and who collectively have the competencies needed to fulfill the Board's fiduciary responsibility to the people of Maryland served by UMMS. Here we present a model that addresses the competencies needed both by all Directors individually and by the Board as a whole.

The average size of a medical system board is today roughly 15. UMMS is nearly twice that size. In addition, six (6) seats are determined as *ex officio*. Boards today are shifting to competency-based board appointment processes. While the Governor is responsible ultimately for appointments, we believe it is possible and advisable for the governor and the legislature to consider carefully what competencies are needed not only to avoid the errors of the immediate past but also to position the UMMS Board to truly add valuable oversight of what is now a \$4.5 billion system.

In the course of our interviews we invited each participant to identify competencies needed on the future UMMS Board. The Competency Model presented below is the result of that input married with our experience of effective health system boards. Prior to the competency model diagram, we discuss two levels of competencies—those required of all Directors and those that are needed by the Board as a whole but not necessarily by every Board member.

**Competencies for All Directors:** Research on board member competencies suggests technical skills and subject matter expertise are not sufficient to distinguish a Director. More important than skills or expertise is deep awareness of the mission, one's independence as a volunteer servant of the enterprise, a personality capable of respectful collaboration, personal accountability and integrity, and one's motivation to serve the health system rather than one's own political, financial or social benefits. These characteristics, which all Directors should possess, may be thought of as "Below the Surface" competencies and are linked to an individual's identity, social role, personality, motivation, and values.

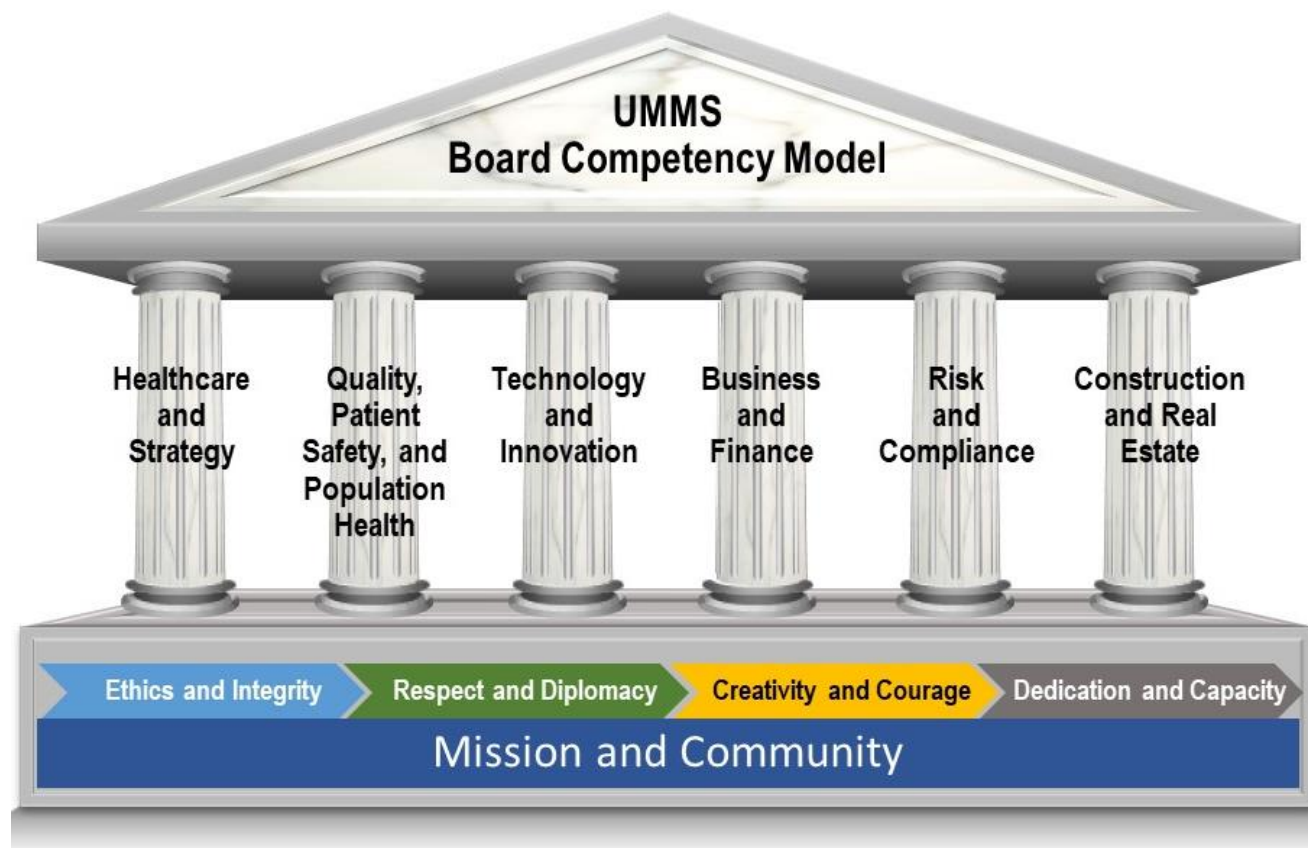
The future UMMS Board of Directors should be composed of individuals who are firmly grounded in their identity and yet share similar values, a sense of purpose, and world views. The collective interaction of these core values and attributes creates the foundation for a high-performing team.

**Competencies for the Board as a Whole:** New skills are required today that yesterday's boards did not need to consider. Macro-economic trends of reimbursement, access for all, and top-quality performance at a reasonable cost compound the fiduciary duty of Directors. As fiduciaries governing through policy consistency, Directors hold management accountable through studied quality oversight, tight metrics of performance, and forward-looking capability and accountability by leaders who are knowledgeable and deeply experienced. These abilities may be thought of as "Above the Surface" competencies and

include knowledge, professional background, education and training, and leadership and board experience.

Based on the strategic direction of UMMS, its future Board should have diversification with representation in various disciplines to create a well-rounded Board, enabling informed decision-making and strategic dialogue. Healthy boards are also diverse in terms of gender, ethnicity, generation, geography, etc.

In addition to meeting the above competency requirements, an on-going challenge for complex health system boards is to increase diversity. Establishing term and age limits and then adhering to these limits can help make room on the Board so that it can be constantly refreshed rather than becoming a stagnant governing body ill-equipped to govern emerging complexity.



### Below the Surface: Director Attributes

**Mission and Community:** The Board is committed to building healthy communities in accord with the UMMS mission. The Mission and Community dimension of Board competencies is foundational to the Board's identity. **All Directors...**

- Possess an ethical compass that guides their day-to-day actions and reflects UMMS's core values

- Are effective ambassadors for UMMS and appropriately prioritizes the imperative to demonstrate community benefit in UMMS's strategic decisions
- Display the objective insight and independence to oversee, set policy, and assess UMMS's measurable impact on Maryland communities
- Ensure alignment between the Board's and UMMS's priorities aimed at the overall health needs and values of the communities

## Director Competency | Code of Conduct

**Ethics and Integrity:** As UMMS Board members, we lead by example. We will strive every day to act with the highest ethical standards and integrity.

**Respect and Diplomacy:** We respect our differences and embrace the opportunity to learn from one another. We will exercise diplomacy when providing feedback to one another. We will seek feedback on our limitations, always striving to improve and contribute more effectively as a Board member.

**Creativity and Courage:** We will push ourselves to think creatively in how we solve complex problems and bring to bear our skills and knowledge to the table. We will exercise courage to do the right thing and speak up when necessary but know when to listen.

**Dedication and Capacity:** We are dedicated to UMMS's mission. We will devote our time, energy, and ability to effectively serve this organization and the citizens of our Maryland communities.

## Director Competency | Operationalized

### Ethics and Integrity

- Debates in good faith what is best for UMMS, always striving to do the right thing and holds themselves and the Board accountable
- Demonstrates the ability to make data-driven decisions without personal business conflicts
- Avoids political maneuvering or influencing matters outside the boardroom
- Builds trust and credibility with internal and external stakeholders
- Maintains presence, composure, and clarity in the midst of change and when confronted with challenges

### Respect and Diplomacy

- Displays respect for diversity and embraces the richness that it brings to the UMMS Board and community; listens with an open mind and is considerate of diverse viewpoints
- Fosters respectful and thoughtful relationships with peers, contributing to a board culture of cooperation, collaboration, and inclusivity



- Knows when to speak and when to listen, and can diplomatically say what needs to be said, even in the face of pressure or conflict
- Possesses a high degree of self-awareness, understands own strengths and limitations, and seeks honest feedback

### **Creativity and Courage**

- Demonstrates strategic thinking skills, providing creative ideas to complex solutions
- Is not afraid to challenge popular values, opinions, and decisions to ensure that actions taken are in the organization's best interest
- Demonstrates an ongoing commitment to finding ways to increase value to patients and the organization
- Has the ability to integrate data and various information sources to arrive at conclusions

### **Dedication and Capacity**

- Shows humility and commitment to serving the UMMS mission rather than for the benefit of his/her own accomplishments
- Remains supportive of Board decisions once they have been made, setting aside personal matters to achieve the best results for UMMS
- Is always prepared, thoughtfully engaged, and available as needed; attends meetings in person
- Is able to prioritize UMMS among other commitments, dedicating sufficient time to UMMS Board work
- Demonstrates an understanding of the role and responsibilities of a Board member and the distinction between management and governance

## **Above the Surface: Board's Collective Competencies**

The Board has deep knowledge and extensive experience in each of the following competency dimensions.

### **Healthcare and Strategy**

- Complex, integrated care delivery systems and networks across Maryland markets
- Health insurance products and services across platforms that are linked to a provider network
- Competitive pressures in a regulated healthcare market
- Economic, legislative, regulatory and reimbursement policies and trends and their impact on UMMS's payer strategy, care delivery models, research, operations, and overall mission
- Community value and competitive differentiation based on the principles of UMMS's long-term strategy



## **Quality, Patient Safety, and Population Health**

- Clinical care, clinical informatics, population health metrics, quality measurement and improvement, and/or clinical epidemiology in public health services
- Identifying critical benchmarks to create world-class institutions
- Creating systematic solutions to inefficiency or clinical risk, and towards continuous improvement
- Using data to ask pertinent, challenging questions in order to drive quality and safety in decision-making
- Assuring quality processes to achieve top decile performance

## **Technology and Innovation**

- Health care technology and innovations, particularly regarding medical strategies, patient experience, and care process changes
- Business models and partnership contracts that help UMMS maximize the value of its capabilities, technology, and intellectual property
- Technology product development and/or business platforms relevant to the healthcare market and UMMS's service lines
- Cybersecurity and the impact of technology on compliance and data management

## **Business and Finance**

- Complex, multifaceted businesses, specifically in the field of finance, investments, and/or enterprise risk management
- Long-term planning and capital funding to inform UMMS's decision-making
- Creating context and direction for successful affiliations, partnerships, mergers, and acquisitions inside and outside the healthcare space
- Identifying financial implications of regulatory changes, evolving payment models, and integrated care delivery models
- Supply chain disciplines to achieve cost-saving and capital reinvestment

## **Risk and Compliance**

- Deeply embedded systems of control and risk identification
- Legal and regulatory obligations and enterprise risk management practices
- Capacity to integrate consideration of risk and risk management into business decision-making throughout the health system
- Best practices and related compliance programs to manage risk exposure and developing appropriate corrective actions
- Audit and risk mitigation in business operations, clinical care or performance improvement
- Assure risk, compliance and ethics channels to the Board are open and transparent

## Construction and Real Estate

- Facilities and construction, including real estate strategies, market evaluation, site selection, purchase vs. lease comparison, lease analysis, negotiation strategy, and related areas for capital investment
- JCAHO compliance and related policies and procedures
- Facilities management, including disposition of existing facilities, development of medical office buildings and ambulatory surgical centers, finance, and marketing services
- Assessment of the health, safety, and efficiency of facilities usage, ensuring they deliver a high-quality experience to patients

## Board Best Practice

UMMS should adopt governance best practices at its earliest opportunity. Examples follow:

1. Charter a Governance Committee to oversee all matters related to governance authority of the enterprise and all affiliates
  - a. Develop a Guide to Governance for the entire UMMS System including all affiliates
  - b. Distinguish between governing roles and management roles and authority to avoid over-reaching by the Board to management or management into the Board's duties
  - c. Annually update the competency profile
  - d. Orient all Board members to roles and duties
  - e. Educate Board members across all markets to the strategy and governing responsibilities
  - f. Appoint new Board members
  - g. Review each committee charter
  - h. Routinely evaluate bylaws and charters
  - i. Evaluate individual and collective contributions to UMMS
  - j. Set clear thresholds for Board independence and require non-independent Directors to recuse themselves from voting and leadership of committees
  - k. Oversee the complete and on-going implementation of Senate Bill 619
2. Build a competency-based Board as distinct from a representative structure;
  - a. Design the nomination, selection and orientation process to ensure full awareness of UMMS strategic direction, committee efficacy, CEO business and leadership objectives
  - b. Give thorough consideration to the competency profile prior to Board member appointments to assure each appointed Board member add substantive value to the complex clinical enterprise
  - c. Whereas state law provides that "At least 1 voting member of the Board of Directors shall have expertise in the hospital field," the American Hospital Association recommends and industry standards suggest deep health care expertise across a majority of members is preferable
3. Adhere to Conflict of Interest Policy and retain appropriate documentation
  - a. UMMS should adhere strictly to its Conflict of Interest Policy for any transactions involving Board members, their family members, or their entities
  - b. Sufficient information relating to Board discussion and determinations on any such approved transactions should be retained to demonstrate the basis

- for the determination that the transaction is at or below fair market value and for an appropriate purpose
- c. This process of Board approval should be followed upon each renewal or amendment of such agreements
4. Adopt contract approval policies beyond the Conflict of Interest Policy
    - a. Such approval policies go beyond transactions with Covered Persons as defined in the Conflict of Interest Policy
    - b. Require that all UMMS transactions (even those with unrelated third parties) valued above a certain dollar threshold be competitively bid and approved by the Board
    - c. At some lower threshold, transactions with unrelated third parties could be approved by management, but only with appropriate documentation as to fair market value and furtherance of exempt purpose
  5. Adopt corporate compliance policies with respect to political activity and charitable contributions
    - a. The political activity policy should describe the rules relating to the prohibition on participation in or intervention in a political campaign by a 501(c)(3) organization such as UMMS and strictly prohibit any such activity by Board members and officers in their official UMMS capacities
    - b. Similarly, a policy regarding charitable contributions should describe allowable as well as proscribed types of charitable contributions or sponsorships
    - c. Such policies should be incorporated into the Code of Conduct presented below and included in the training and attestation described there
  6. Review Whistleblower and document retention policies; supplement as appropriate
    - a. Review UMMS policies with regard to whistleblower protection and document retention
    - b. Refine these policies, if necessary, to align with best practices
  7. Redesign the Disclosure and Conflicts education process to avoid any self-dealing that interferes with individual duties of the Board
    - a. Disclose in accordance with the Conflicts of Interest Policy and the requirements of the Health Services Cost Review Commission
    - b. Vet through the Governance Committee
    - c. Seek exceptions through the full Board
    - d. Recuse anyone from any meeting where a conflict may impede objectivity or fairness
    - e. Remove a member of the Board if conflicts are not manageable, fully disclosed, or hampering judgement

8. Initiate a comprehensive authority matrix
  - a. Detail limits of authority by system, affiliates, officers, management
  - b. Set thresholds for prudent stewardship outside of operating budgets
9. Implement a Code of Conduct applicable to all Directors and key officers
  - a. The Code of Conduct describes fiduciary duties under state law as well as key policies and practices that Board members agree will bind them together for the good of UMMS and its affiliates
  - b. The code will highlight norms and cultural commitments intended to make the Board a leading institution in the State of Maryland, displaying best governance, best quality, and highest margin
  - c. At orientation, all new Board members as well as officers with contracting authority should review and sign the Code of Conduct.
  - d. Either the Chief Compliance Officer or the General Counsel should be assigned responsibility to ensure Board members as well as officers with contracting authority sign the Code of Conduct and participate in appropriate training, including during the Board orientation process and periodically thereafter
  - e. Annually, all Board members and key officers should attest to compliance with the Code of Conduct
  - f. Either the Chief Compliance Officer or the General Counsel should be instructed to review Board members' state disclosure filings and follow up with the Board to ensure that the proper approval process was followed with respect to each disclosed Board member transaction
10. Incorporate key legislative mandates within UMMS bylaws and policies
  - a. Article 13-304 (a) states "The government of the Medical System Corporation is vested in the Board of Directors." To that end, UMMS, the Governor, the President of the Senate and the Speaker of the House of Delegates may consider the merits of establishing a self-perpetuating Board while holding appropriate reserve rights.
  - b. In our view, the size of the existing Board, its composition, its conflicts, and its competence reflect a representational style of governance that will not produce top quartile performance or CMS Star ratings expected by the citizens of the State of Maryland

## Appendix A: Disclosures of Financial Relationships

The following tables indicate the disclosures of financial relationships. The first table provides a summary of the Declarations of Financial Relationships as presented to the Audit and Compliance Committee in presentations by the Chief Compliance Officer.

**Table A1 – Summary of Declarations of Financial Relationships**

Director	Organization	2011	2012	2013	2014	2015	2016	2017	2018
Catherine Pugh (Resigned 3/18)	Healthy Holly		≤100k	≤100k		≤100k		100k or over	
Robt Pevenstein (Resigned 3/19)	Profit Recovery Partners LLC	≤100k	≤100k	≤100k	≤100k	≤100k	≤100k	<100k	<100k
Robt Pevenstein (Resigned 3/19)	The Optimé Group				≤100k	≤100k	≤100k	<100k	<100k
Robt Pevenstein (Resigned 3/19)	Son is employed by AFLAC	≤100k	≤100k	≤100k	≤100k	≤100k	≤100k	100k or over	100k or over
Robt Pevenstein (Resigned 3/19)	Self: Consulting Svcs to UMMS								100k or over
John Dillon (Resigned 3/19)	Dillon Consulting - Healthcare Consultant			Over 100k	Over 100k	Over 100k	Over 100k	100k or over	100k or over
Scott Rifkin (Resigned 4/26)	Real Time Medical Solutions								<100k
Scott Rifkin (Resigned 4/26)	Consultant to Fundamental, Inc. (SNF operator)								<100k
Francis Kelly (LOA 3/19)	Kelly & Associates Insurance	Over 500k	Over 500k	Over 500k	Over 500k	Over 500k	Over 500k	100k or over	100k or over
Walter Tilley (LOA 3/19)	Home Paramount Pest Control	≤100k	≤100k	Over 100k	Over 100k				100k or over
August Chiasera (LOA 3/19)	M&T Bank						Over 500k	100k or over	100k or over
James Soltesz (LOA 3/19)	Soltesz Co's CEO								
Wayne Gardner	Best Care Ambulance, Pres.	Over 100k	Over 100k	Over 100k	Over 100k	Over 100k	Over 100k	100k or over	100k or over

**Table A2 – Declaration of Financial Relationship Forms**

Director	Organization	2011	2012	2013	2014	2015	2016	2017	2018
Catherine Pugh (Resigned 3/18)	Healthy Holly		MS	MS		MS		MS	
Robt Pevenstein (Resigned 3/19)	Profit Recovery Partners LLC	IC	IC	IC	IC	IC	IC	IC	MS,IC
Robt Pevenstein (Resigned 3/19)	The Optimé Group				IC	IC	IC	IC	MS,IC
Robt Pevenstein (Resigned 3/19)	Son is employed by AFLAC	IC	IC	IC	IC	IC	IC	IC	MS,IC
Robt Pevenstein (Resigned 3/19)	Self: Consulting Svcs to UMMS								MS,IC
John Dillon (Resigned 3/19)	Dillon Consulting - Healthcare Consultant			MS	MS	MS	MS	MS	MS
Scott Rifkin (Resigned 4/26)	Real Time Medical Solutions								MS,IC
Scott Rifkin (Resigned 4/26)	Consultant to Fundamental, Inc. (SNF operator)								MS,IC
Francis Kelly (LOA 3/19)	Kelly & Associates Insurance	IC	IC	IC	IC	IC	IC	IC	IC
Walter Tilley (LOA 3/19)	Home Paramount Pest Control	IC	IC	IC	IC				IC
August Chiasera (LOA 3/19)	M&T Bank						MS	MS	MS
James Soltesz (LOA 3/19)	Soltesz Co's CEO								MS
Wayne Gardner	Best Care Ambulance, Pres.	MS,IC	MS	MS	MS	MS	MS	MS	MS

Legend: MS = Medical System; IC = Industry Company



### Table A3 – Summary of Forms 990 Disclosures

All reported amounts come from Schedule L except for John Dillon in FY2016 and FY2017, which instead come from Part VII, Section A: Officer, Directors, Trustees, Key Employees, and Highest Compensated Employees.

Director	Organization	Period Covered							
		FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Catherine Pugh (Resigned 3/18)	Healthy Holly			\$100,000					
Robt Pevenstein (Resigned 3/19)	Profit Recovery Partners LLC				\$7,779				
Robt Pevenstein (Resigned 3/19)	The Optimé Group								
Robt Pevenstein (Resigned 3/19)	Son is employed by AFLAC								
Robt Pevenstein (Resigned 3/19)	Self: Consulting Svcs to UMMS								
John Dillon (Resigned 3/19)	Dillon Consulting - Healthcare Consultant			\$117,000	\$156,000	\$156,000	\$156,000	\$156,456	
Scott Rifkin (Resigned 4/26)	Real Time Medical Solutions								
Scott Rifkin (Resigned 4/26)	Consultant to Fundamental, Inc. (SNF operator)								
Francis Kelly (LOA 3/19)	Kelly & Associates Insurance	\$104,456	\$104,579	\$1,014,287	\$1,078,688	\$1,481,793	\$1,395,574	\$1,610,553	
Walter Tilley (LOA 3/19)	Home Paramount Pest Control			\$122,764	\$105,774				
August Chiasera (LOA 3/19)	M&T Bank						\$3.6 million		
James Soltesz (LOA 3/19)	Soltesz Co's CEO								
Wayne Gardner	Best Care Ambulance, Pres.				\$245,456				

Note: Each Form 990 addresses the period starting July 1 of the year named at the top of the form through June 30 of the following year. Thus, to align the data in this table with the data in the previous tables, we use the Form 990 labeled one year prior to the column heading.

## Appendix B: Declarations of Financial Relationships Summary

The following tables show summary information presented to the Audit and Compliance Committee. These tables build upon Tables B.1 and B.2 by providing brief descriptions of the financial relationships. Highlighted rows represent new entries since the prior year.

### FY 2018 (Made available to the Board in January 2019)

Director	Business/ Organization	Summary of Disclosure of Financial Relationship	< \$100K	=> \$100K		
Wayne Gardner	Best Care Ambulance - President	Ambulance services for Shore Regional Health and UMMS Express Care		X		
John Dillon	Healthcare Consultant	Consulting services for UMMS: Capital Campaign and Strategic Planning		X		
Robert Pevenstein	Profit Recovery Partners LLC-Investor	Commission for cost savings program contract with UMMS	X			
Robert Pevenstein	The Optimé Group	Commission for workforce deployment contract with UMMS	X			
Robert Pevenstein	AFLAC – Son is Special Projects Coordinator	Commission on payments made by UMMS employees who select AFLAC insurance coverage		X		
Robert Pevenstein	Self	Consulting Services for UMMS: Technology and Supply Chain		X		
Francis Kelly	Kelly & Associates Insurance Group, Inc.	Insurance brokerage and consulting services		X		
August Chiasera	M&T Bank	Regional President of bank that provides variety of banking services		X		
Walter Tilley	Home Paramount Pest Control	Company provides pest control services		X		
Scott Rifkin	Real Time Medical Solutions	Contract with UMMC & Midtown to supply software to reduce admissions from nursing homes	X			
Scott Rifkin	Fundamental, Inc.	Paid consultant to Fundamental Inc. May affect referrals	X			

### FY 2017 (Presented to the Board in March 2018)

Director	Business/ Organization	Summary of Disclosure of Financial Relationship	< \$100K	=> \$100K	Org	Indiv
Wayne Gardner	Best Care Ambulance - President	Ambulance services for Shore Regional Health and UMMS Express Care		X	X	
John Dillon	Healthcare Consultant	Consulting services for UMMS		X		X
Robert Pevenstein	Profit Recovery Partners LLC-Investor	Commission for cost savings program contract with UMMS	X			X
Robert Pevenstein	The Optimé Group	Commission for nurse resource management contract with UMMS	X			X
Robert Pevenstein	AFLAC – Son is Special Projects Coordinator	Commission on payments made by UMMS employees who select AFLAC insurance coverage		X		X
Francis Kelly	Kelly & Associates Insurance Group, Inc.	Insurance brokerage and consulting services		X	X	
August Chiasera	M&T Bank	Regional President of bank that provides variety of banking services		X	X	
Roger Schneider	Vascular Surgery Associates	Provides on-call and administrative services to UCH & SJMC		X	X	
Catherine Pugh	Author and President C.E. Pugh & Company	UMMS purchased 20,000 Health Holly books		X		X

**FY 2016**

<b>Director</b>	<b>Business/ Organization</b>	<b>Summary of Disclosure of Financial Relationship</b>	<b>&lt;=</b> \$100K	<b>&gt;</b> \$100K	<b>Org</b>	<b>Indiv</b>
Wayne Gardner	Best Care Ambulance - President	Ambulance services for Shore Regional Health and UMMS Express Care		X	X	
John Dillon	Healthcare Consultant	Consulting services for UMMS		X		X
Robert Pevenstein	Profit Recovery Partners LLC-Investor	Commission for cost savings program contract with UMMS	X			X
Robert Pevenstein	The Optimé Group	Commission for nurse resource management contract with UMMS	X			X
Robert Pevenstein	AFLAC – Son is Special Projects Coordinator	Commission on payments made by UMMS employees who select AFLAC insurance coverage	X			X
Francis Kelly	Kelly & Associates Insurance Group, Inc.	Insurance brokerage and consulting services		X	X	
August Chiasera	M&T Bank	Regional Pres of bank that provides variety of banking services		X	X	
Roger Schneider	Vascular Surgery Associates	Provides on-call and administrative services to UCH & SJMC		X	X	

**FY 2015**

<b>Director</b>	<b>Business/ Organization</b>	<b>Summary of Disclosure of Financial Relationship</b>	<b>&lt;=</b> \$100K	<b>&gt;</b> \$100K	<b>Org</b>	<b>Indiv</b>
Wayne Gardner	Best Care Ambulance - President	Ambulance services for Shore Regional Health and UMMS Express Care		X	X	
John Dillon	Healthcare Consultant	Consulting services for UMMS		X		X
Robert Pevenstein	Profit Recovery Partners LLC-Investor	Commission for cost savings program contract with UMMS	X			X
Robert Pevenstein	The Optimé Group	Commission for nurse resource management contract with UMMS	X			X
Robert Pevenstein	AFLAC – Son is Special Projects Coordinator	Commission on payments made by UMMS employees who select AFLAC insurance coverage	X			X
Francis Kelly	Kelly & Associates Insurance Group, Inc.	Insurance brokerage and consulting services		X	X	
Catherine Pugh	Publisher	Author of children's book which UMMS purchased 20,000 copies	X			X

**FY 2014**

<b>Director</b>	<b>Business/ Organization</b>	<b>Summary of Disclosure of Financial Relationship</b>	<b>&lt;=</b> \$100K	<b>&gt;</b> \$100K	<b>Org</b>	<b>Indiv</b>
Wayne Gardner	Best Care Ambulance - President	Ambulance services for UMMS Express Care		X	X	
John Dillon	Healthcare Consultant	Consulting services for UMMS		X		X
Walter Tilley	Home Paramount Pest Control - Owner	System contract with UMMS (approved by ACC 6/7/11)		X	X	
Robert Pevenstein	Profit Recovery Partners LLC-Investor	Commission for cost savings program contract with UMMS	X			X
Robert Pevenstein	The Optimé Group	Commission for nurse resource management contract with UMMS	X			X
Robert Pevenstein	AFLAC – Son is Special Projects Coordinator	Commission on payments made by UMMS employees who select AFLAC insurance coverage	X			X
Francis Kelly	Kelly & Associates Insurance Group, Inc.	Insurance brokerage and consulting services		X	X	

**FY 2013**

<b>Director</b>	<b>Business/ Organization</b>	<b>Summary of Disclosure of Financial Relationship</b>	<b>&lt;=</b> \$100K	<b>&gt;</b> \$100K	<b>Org</b>	<b>Indiv</b>
Wayne Gardner	Best Care Ambulance - President	Ambulance services for UMMS Express Care		X	X	
John Dillon	Healthcare Consultant	Provide consulting services to UMMS		X		X
Walter Tilley	Home Paramount Pest Control – Owner	System Contract with UMMS (approved by ACC 6/7/11)		X	X	
Robert Pevenstein	Profit Recovery Partners LLC-Investor	Fee and Commission	X		X	
Robert Pevenstein	The Optimé Group	Commission for nurse resource management contract with UMMS	X			X
Robert Pevenstein	AFLAC – Son is Special Projects Coordinator	Commission on payments made by UMMS employees who select AFLAC insurance coverage	X			X
Francis Kelly	Kelly & Associates Insurance Group, Inc.	Insurance brokerage and consulting services		X	X	
Catherine Pugh	Publisher	Author of children's book which UMMS purchased 20,000 copies and donated to Baltimore City Schools	X			X

**FY 2012**

<b>Director</b>	<b>Business/ Organization</b>	<b>Summary of Disclosure of Financial Relationship</b>	<b>&lt;=</b> \$100K	<b>&gt;</b> \$100K	<b>Org</b>	<b>Indiv</b>
Wayne Gardner	Best Care Ambulance - President	Ambulance services for UMMS Express Care		X	X	
Walter Tilley	Home Paramount Pest Control – Owner	System Contract with UMMS (approved by ACC 6/7/11)	X		X	
Robert Pevenstein	Profit Recovery Partners - Investor	Fee and Commission	X		X	
Robert Pevenstein	AFLAC – Son is Special Projects Coordinator	Commission on payments made by UMMS employees who select AFLAC insurance coverage	X			X
Francis Kelly, Jr.	Kelly & Associates Insurance Group – Chairman	Insurance brokerage and consulting services		X	X	
Catherine Pugh	Publisher	Author of children's book which UMMS purchased 20,000 copies and donated to Baltimore City Schools	X			X

**FY 2011**

<b>Director</b>	<b>Business/ Organization</b>	<b>Summary of Disclosure of Financial Relationship</b>	<b>&lt;=</b> \$100K	<b>&gt;</b> \$100K	<b>Org</b>	<b>Indiv</b>
Wayne Gardner	Best Care Ambulance - President	Ambulance services for UMMS Express Care		X	X	
Walter Tilley	Home Paramount Pest Control - Owner	System contract with UMMS (approved by ACC 6/7/11)	X		X	
Robert Pevenstein	Profit Recovery Partners LLC-Investor	Fee and Commission	X		X	
Robert Pevenstein	AFLAC – Son is Special Projects Coordinator	Commission on payments made by UMMS employees who select AFLAC insurance coverage	X			X
Francis Kelly, Jr.	Kelly & Associates Insurance Group - Chairman.	Insurance brokerage and consulting services		X	X	

